

**AN ANALYSIS OF THE RELEVANCE OF FINANCIAL INDICATORS
USING GENERAL PRICE LEVEL ACCOUNTING AND CURRENT
COST ACCOUNTING DURING INFLATION PERIOD IN INDONESIA
(The Case of Food and Beverages and Transportation Sub-sectors)**

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ABSTRACT

Inflation is condition in which general price level increases in an economy. It causes changes of purchasing power, to which it influences financial reports, especially in conventional statements that is established based on historical cost. During inflation period, monetary units are unstable, such that they may drive conventional statements not to reflect real conditions. Meanwhile, restated financial statements will help related parties in making decisions and predict the effects of inflation in the future. This study aims to determine the differences on values of financial indicators using General Price Level Accounting (GPLA) and Current Cost Accounting (CCA) methods. This study in corporate several companies in food and beverages and transportation sub-sectors, which are listed in Indonesia Stock Exchange (IDX) for the period of January 2013 to June 2015. The results show that there are different values of financial indicators, should it be converted using GPLA and CCA methods, compared to Historical Cost.

Keywords: Current Cost Accounting, Financial Indicators, General Price Level Accounting, Historical Cost, Inflation

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